



Representative Jim Buck

24TH DISTRICT



2002 Session Review

Serving Clallam • Jefferson • and Grays Harbor counties

April 2002

Dear Friends,

The 2002 Legislature adjourned March 14, but the 60-day session left me profoundly disappointed. Despite our efforts to offer constructive alternatives to address the state's critical financial problems, the majority party ignored warnings of approaching fiscal instability and instead followed a path of undisciplined budgeting.

In a Feb. 19 letter to Gov. Locke, state Treasurer Mike Murphy reported that at the close of business on Feb. 15, the general fund was \$812 million in the red. "Our cash flow model now predicts the general fund will be over \$2 billion in the hole on Nov. 19, 2002," he wrote.

Murphy's letter provided the majority party ample warning to budget writers that prudent cuts in spending would have to be made to head off more serious problems in the future. Instead, the budget that passed the Legislature spends \$1.4 billion more than expected revenue, relies on one-time money for ongoing expenses, and will be \$1 billion short when the next budget cycle begins in 2003.

No matter how you look at it, it's a bad deal for taxpayers, and sets the stage for serious problems down the road.

This year the Legislature also passed a multi-billion tax package to address Washington's transportation problems. The proposal includes a gas tax increase of 9 cents a gallon, a 1 percent surcharge on vehicle sales, and a 30 percent increase in trucking fees. Voters will be asked to decide the fate of the \$7.8 billion proposal when it goes to the ballot in November.

Thank you for taking the time to read this 2002 Session Review. It may be the most important I have ever written to the people of the 24th District. If you have questions or ideas to share about the contents of this report or other state government matters, please call my office or write a letter. I am always glad to hear from you.

Sincerely,

Rep. Jim Buck

Committees:

Rules

Natural Resources

Appropriations

Select Committee on Community Security

Mounting debt in flawed budget

"The significant problems we face cannot be solved by the same thinking that created them."

- Albert Einstein

It doesn't take a genius to see that we have to change our ways.

Those responsible for drafting Washington's supplemental budget chose not to exercise the common sense you and I do when handling our personal finances. **That's why I voted NO.** The budget is a textbook example of credit-card spending that will make the state's financial problems even worse. In your household or business budget, when income declines you have only one choice: you reduce your expenses to match your income. This year the majority party chose another option.

For the second straight year, the Legislature adopted an unsustainable operating budget that sets Washington taxpayers up for cuts in essential public services, a big tax hike, or both. The Democrat budget depends on a scheme to tap into the state's \$4.5 billion tobacco settlement to help fill a \$1.6 billion dollar shortfall – a proposal that is shortsighted, irresponsible, and will push the state's mounting deficit into the future. By their own admission, Democrats acknowledge that their budget will leave the state with a \$1 billion shortfall when lawmakers return next year.

At the committee level, Republicans offered dozens of amendments that would have brought some responsibility and common sense to the budget, and given some protection to the taxpayers. Our proposals were rejected by the majority, and when the package came to the House floor, all 48 Republicans stood as one to oppose it.



Buck apprehensive of plan to tap tobacco money

As its share of the \$206 billion agreement with the tobacco industry, the state receives settlement payments every year in perpetuity. The state has collected \$300 million so far, and expects to receive another \$300 to \$310 million this biennium. The money is generally earmarked for the Basic Health Plan, improving local health programs, and reducing tobacco consumption.

In order to have enough money to pay the state's bills, the supplemental budget requires converting about 25 percent of the \$4.5 billion settlement into a one-time lump sum of \$525 million. The process is known as "securitization," which entails borrowing against tobacco settlement payments for an immediate infusion of money. The process is similar to offered to lottery winners who want an up-front payout instead of annual installments. Siphoning the tobacco funds is like cashing in your 401K plan on the first day of your retirement to make a down payment on a car.

Although Gov. Locke supported the plan to sell off the tobacco money, Attorney General Christine Gregoire and

state Treasurer Mike Murphy weighed in against the scheme, which Murphy compared to "mortgaging yourself to buy groceries." Gregoire said that based on the experiences of other states that have sold off their settlements, she believes Washington also would lose money on the transaction.

If we raid the tobacco payments, not only could the state lose about 75 cents on the dollar, but we'll still be \$1 billion short going into the next budget-writing period. It makes no sense to convert a dependable, long-term source of income into a one-time fast-cash remedy that might temporarily relieve the pain, but offers no cure.

After selling off future health care dollars, the budget even reduced funding for health care for low-income families. House Republicans proposed several times to use the tobacco revenue stream to pay for needed services, such as controlling prescription drug costs for low-income seniors and funding for critical public safety and emergency services like police officers and sheriff's deputies. But out of desperation to plug the hole in the current budget, the majority repeatedly rejected our proposals.

I fully support using the tobacco settlement for the Basic Health Plan and the other programs for which the funds were intended. That's another reason I opposed this budget and its Enron-style accounting tactics.

Capital budget adds to state's debt

In the face of a \$1.6 billion deficit, the Legislature passed a supplemental capital construction budget which includes about \$112 million in new state-wide projects masquerading as a "stimulus package" to help the struggling economy.

Do we need to jump-start the economy? Yes, and some of the projects have great potential to create needed jobs and pump money into the economy. But I have serious concerns about the wisdom of straining the state's bonding capacity during an economic slump, and adding about \$50 million to the state's debt.

Included in the package are projects ranging from a dredging project in the Columbia River to a fish passage barrier at Sequim Bay State Park and a new Skills Center in Port Angeles. The plan also provides funding for renovations and new construction at universities, community colleges and technical schools.

These are beneficial and worthwhile projects in the capital spending plan. But continuing to borrow money at a time that we are already in the red runs contrary to every fiscal principle I believe in, so I reluctantly voted not to raise the bonding limit and not to spend the additional money. I am worried that these projects also could be jeopardized if the state's financial crisis worsens and we're forced back into session later this year to re-balance the budget.

The capital budget cleared the House 80-18, shortly after the bond package (Senate Bill 6818) won approval on a vote of 63-35 — just four more than the required 59.

Tobacco 'securitization'

Here's what others are saying about the plan to raid a portion of the state's settlement with tobacco companies — for a one-time cash payment to fund spending increases:

"too big a gamble for the state" — *News Tribune* editorial (3/6/02)

"not sustainable" — *Spokesman-Review* editorial (3/6/02)

"a disservice to our state's taxpayers" — *Bremerton Sun* editorial (3/8/02)

"no real solution" — *Seattle Times* editorial (3/6/02)

"we'll pay a high price for this gimmick" — *South County Journal* (3/14/02)

"a bad deal for Washington taxpayers" — Attorney General Christine Gregoire

"terrible fiscal policy" — State Treasurer Mike Murphy



Legislature sends gas tax plan to ballot

The nearly \$8 billion statewide transportation package — including a 9-cent increase in the 23-cent-a-gallon gas tax — will go to the voters on the Nov. 5 election ballot.

Elements of the package approved by the Legislature include:

- A 9-cent-a-gallon gas tax increase — 5 cents the first year and 4 cents the year after.
- A 1 percent increase in the sales tax on new and used vehicles.
- A 30 percent increase (15 percent per year over two years) on truck weight fees.

A proposed 3-cent-per-gallon tax surcharge for diesel fuel (in addition to the 9-cent increase) was removed from the compromise bill.

The decision on whether to pass the package in Olympia or send it to the ballot was difficult for everyone, culminating in a tense showdown between the House and Senate. Based on responses to the legislative questionnaire I mailed to constituents in January, the people in our district feel strongly that they want a referendum. Over 3,000 surveys were returned to my office, and of those, 73 percent of the respondents said they were opposed to a 9-cent gas tax increase, and 65 percent said they wanted a public vote on transportation tax increases.

— **Regional tax package.** The regional transportation package allows King, Pierce and Snohomish counties to join forces to finance mega-projects, using local voter-approved taxes. The governor signed the plan into law March 21, but vetoed a section that would have made Puget Sound-area highway improvements contingent on passage of the separate statewide gas-tax proposal in November.



Now serving his fourth term, Rep. Buck continued his role this session as chairman of the House Republican Caucus – a key leadership position which also earned him a seat on the powerful Rules Committee.

Governor signs Buck bill to help job creation in rural counties

Legislation amending the Growth Management Act and helping stimulate job retention and small-business development in rural communities was signed into law March 28.

House Bill 1395, which I co-sponsored, allows a small-scale employer to set up shop on a formerly occupied business site as long as the new business is compatible with adjacent land uses and blends with the area's rural character. The bill also allows small businesses to expand their existing premises if they abide by the same conditions.

The GMA focused on curtailing sprawl in the state's fast-growing urban areas, and the needs and unique circumstances of rural communities and rural businesses weren't taken into account. Expansion by existing businesses in small towns has been stymied by the rules, and we've lost opportunities to attract new business investment.

Small, independent businesses are the economic backbone of rural counties, and this refinement of the GMA will benefit both new and expanding businesses. The bill will help protect existing jobs, and by making rural areas more appealing to potential employers, bring new job opportunities to the Peninsula and other areas of rural Washington.

Terrorism bills mired in Senate

My decision to serve on the House Select Committee on Community Security was prompted by an emotional visit to Ground Zero in New York a few weeks after the World Trade Center attack. There was a question of how far the Legislature should get into the issue of homeland security, but I feel strongly that it's critical to take steps to strengthen the state against violence and potential terrorist attack. The Senate did not share this concern, and did not empanel a similar committee.

Two anti-terrorism proposals that I prime-sponsored won approval in the House, but bogged down in the Senate. My bills were among the 13 comprising the House anti-terrorism package, which included measures ranging from expanded state wiretapping powers to setting stronger penalties to prevent and punish terrorist acts. Virtually all were killed by the Senate.

Those of us who served on the committee worked hard to develop legislation to move the state to a new level of security and readiness, but we also were mindful of the need to strike a sensible balance between protecting public safety and individual rights. The setback this year does not diminish our determination to press forward on homeland security issues. We need to send the message that Washington is well-prepared to protect itself and is willing to prosecute anyone who harms our citizens or threatens their security with an act of violence.



Rep. Buck took a lead role during House debate on anti-terrorism legislation.

Legislature passes Buck memorial honoring West Point

The Legislature passed a joint memorial that I sponsored honoring the 200th anniversary of the United States Military Academy. **House Joint Memorial 4021** commemorates West Point's bicentennial and its time-honored heritage as the most effective institution for leadership development in the country.

As many of my constituents know, I graduated from West Point in 1971 and served as an Army field artillery officer. I am proud of the traditions of historic excellence, timeless leadership, and the core values that West Point represents. It was an honor for me to offer the memorial to my legislative colleagues, and

ask them to join with me in acknowledging the academy's distinguished history.

The academy's storied Long Gray Line includes Presidents Ulysses Grant and Dwight Eisenhower, and Gens. Douglas MacArthur, Robert E. Lee, George Patton and Norman Schwarzkopf. Isaac Stevens, who graduated with West Point's Class of 1839, later became the first governor of the newly formed Washington Territory.

Cadets follow a highly structured regimen of discipline and rigid academics, sports and military training, and at the heart of this demanding curriculum the academy emphasizes that everyone is part of the team, and no individual is more important than the mission of the whole. That has been a guiding belief for me as a state legislator, and it's what characterizes the essence of real leadership.

If you need help during the interim...

Because this is an election year, Initiative 134 limits me to only two district-wide mailings during 2002. This newsletter is the second of those. The initiative does allow me to respond to your direct request for information, so please do not hesitate to contact my office if you have questions or concerns you would like to bring to my attention. Also, my legislative assistant and I remain ready at all times to lend a hand if you're having a problem dealing with state government.

***Making
Your Voice
Heard in
Olympia!***

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